



## *United States Attorney District of New Jersey*

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### **OWNER OF BORDENTOWN, NEW JERSEY CAR DEALERSHIP SENTENCED TO 33 MONTHS IN PRISON FOR CHECK KITING SCHEME**

TRENTON, N.J. – Denis Kelliher, the former owner and operator of Bordentown, N.J. car dealership Cartec Motors, LLC, was sentenced today to 33 months in federal prison for his involvement in a multimillion-dollar bank fraud, wire fraud, and money laundering scheme, U.S. Attorney Paul J. Fishman announced.

Kelliher, 40, of Toms River, New Jersey, previously pleaded guilty before Chief Judge Garrett E. Brown Jr., to Counts Two, Four, and Eight of a superseding Indictment returned against him on January 14, 2010. Count Two charged the defendant with bank fraud, relating to a check kiting scheme that caused a \$7.4 million overdraft in a Cartec checking account at KeyBank, N.A. Count Four charged Kelliher with wire fraud for fraudulently obtaining a \$500,000 loan from an individual. Count Eight charged the defendant with money laundering for using the proceeds of the fraudulently-obtained loan to attempt to pay down the overdraft in Cartec's checking account at KeyBank. Chief Judge Brown also imposed the sentence today in Trenton federal court.

According to the superseding Indictment to which Kelliher pleaded guilty and statements made in court:

In January 2008, Cartec opened a checking account at KeyBank, a federally-insured financial institution. Kelliher controlled the activity in the account, on which he was the only signer. In addition, Cartec had an electronic terminal, provided by KeyBank, that allowed Kelliher to scan checks and deposit them into and initiate wire transfers out of the account. Kelliher admitted that he knew that the proceeds of checks he deposited in this fashion would be made available for withdrawal before they cleared the banking system.

Kelliher also controlled Cartec accounts at other area banks, including Commerce Bank, 1st Constitution Bank, and Roma Bank. Between March 2008 and July 2008, he engaged in a check kiting scheme by writing checks against these accounts, as well as his personal account at 1st Constitution – when he knew that those accounts did not contain sufficient funds to cover the checks – and then depositing those checks into Cartec's KeyBank account. Kelliher did this with approximately 125 such checks, with a total face value in excess of \$117 million.

Kelliher admitted that he engaged in the scheme in order to artificially inflate the balance in the KeyBank account. He then used the money to pay off various expenses, including Cartec's floor plan financing line of credit with KeyBank. Kelliher also transferred money from

the KeyBank account to the accounts against which he wrote the bad checks, in an effort to cover those checks. In the end, Kelliher was unable to cover all the bad checks that he wrote, ultimately causing a \$7.4 million overdraft in Cartec's account at KeyBank.

In July 2008, Kelliher approached an individual, identified in the superseding Indictment as VICTIM-1, and asked VICTIM-1 to lend Cartec \$500,000. Kelliher told VICTIM-1 that the loan money would be used to obtain inventory, and signed a loan agreement to this effect. In fact, Cartec was at that time having trouble both with its KeyBank floor plan line of credit and the \$7.4 million overdraft, and Kelliher intended to use the loan money to address those problems and to make payments on personal loans. Upon receiving the \$500,000 from VICTIM-1, Kelliher transferred \$483,000 to KeyBank to pay down the overdraft. Kelliher gave VICTIM-1 a series of insufficient-funds checks as purported repayment of the loan, as well as a series of forged checks and wire transfer receipts as supposed evidence of a \$100,000 payment toward the loan balance.

In addition to the prison term, Chief Judge Brown sentenced Kelliher to serve five years of supervised release and ordered him to pay \$6,945,096 in restitution to KeyBank; \$250,000 to VICTIM-1; and \$410,000 to an individual identified in court documents as VICTIM-2.

U.S. Attorney Fishman credited Special Agents of the FBI's Trenton Resident Agency, under the direction of Special Agent in Charge Michael B. Ward in Newark, and IRS – Criminal Investigations, under the direction of Special Agent in Charge Victor W. Lessoff, with the investigation.

The government is represented by Assistant U.S. Attorneys Eric M. Schweiker and Jennifer Davenport of the U.S. Attorney's Office Criminal Division in Trenton.

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Defense counsel: Andrea Bergman, Assistant Federal Public Defender, Trenton, N.J.